

CHAPTER 11

AUDITOR OF STATE

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AUDIT OF STATE DEPARTMENTS

11.1 Definitions.

The term “*department*” shall be construed to mean any authority charged by law with official responsibility for the expenditure of public money of the state and any agency receiving money from the general revenues of the state.

As used in [this chapter](#), unless the context otherwise requires, “*book*”, “*list*”, “*record*”, or “*schedule*” kept by a county auditor, assessor, treasurer, recorder, sheriff, or other county officer means the county system as defined in [section 445.1](#).

[C24, 27, 31, §339; C35, §101-a1; C39, §101.1; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.1]

2000 Acts, ch 1148, §1

Referred to in [§24.24](#)

11.2 Annual settlements.

1. The auditor of state shall annually, and more often if deemed necessary, make a full

settlement between the state and all state officers and departments and all persons receiving or expending state funds, and shall annually make a complete audit of the books and accounts of every department of the state.

a. Provided, that the accounts, records, and documents of the treasurer of state shall be audited daily.

b. Provided further, that a preliminary audit of the educational institutions and the state fair board shall be made periodically, at least quarterly, to check the monthly reports submitted to the director of the department of administrative services as required by [section 8A.502, subsection 9](#), and that a final audit of such state agencies shall be made at the close of each fiscal year.

2. In conjunction with the audit of the state board of regents required under [this section](#), the auditor of state, in accordance with generally accepted auditing standards, shall perform audit testing on the state board of regents' investments. The auditor shall report to the state board of regents concerning compliance with state law and state board of regents' investment policies. The state board of regents is responsible for remedying any reported noncompliance with its own policy or practices.

a. The state board of regents shall make available to the auditor of state and treasurer of state the most recent annual report of any investment entity or investment professional employed by an institution governed by the board.

b. All contracts or agreements with an investment entity or investment professional employed by an institution governed by the state board of regents shall require the investment entity or investment professional employed by an institution governed by the state board of regents to notify in writing the state board of regents within thirty days of receipt of all communication from an independent auditor or the auditor of state or any regulatory authority of the existence of a material weakness in internal control structure, or regulatory orders or sanctions against the investment entity or investment professional, with regard to the type of services being performed under the contracts or agreements. This provision shall not be limited or avoided by another contractual provision.

c. The audit under [this section](#) shall not be certified until the most recent annual reports of any investment entity or investment professional employed by an institution governed by the state board of regents are reviewed by the auditor of state.

d. The review of the most recent annual report to shareholders of an open-end management investment company or an unincorporated investment company or investment trust registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80(a), pursuant to 17 C.F.R. § 270.30d-1 or the review, by the person performing the audit, of the most recent annual report to shareholders, call reports, or the findings pursuant to a regular examination under state or federal law, to the extent the findings are not confidential, of a bank, savings and loan association, or credit union shall satisfy the review requirements of this paragraph.

e. As used in [this subsection](#), "investment entity" and "investment professional" exclude a bank, savings and loan association, or credit union when acting as an approved depository pursuant to [chapter 12C](#).

[C97, §161; S13, §161-a; C24, 27, 31, §340; C35, §101-a2; C39, §101.2; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.2]

92 Acts, ch 1156, §1; 2003 Acts, ch 145, §131; 2007 Acts, ch 126, §4; 2008 Acts, ch 1032, §201

Referred to in [§24.24](#), [262.14](#), [422.72](#)

11.3 Repealed by 75 Acts, ch 70, § 1.

11.4 Report of audits.

1. The auditor of state shall make or cause to be made and filed and kept in the auditor's office written reports of all audits and examinations, which reports shall set out in detail the following:

- a. The actual condition of such department found to exist on every examination.
- b. Whether, in the auditor's opinion,

- (1) All funds have been expended for the purpose for which appropriated.
- (2) The department so audited and examined is efficiently conducted, and if the maximum results for the money expended are obtained.
- (3) The work of the departments so audited or examined needlessly conflicts with or duplicates the work done by any other department.
 - c. All illegal or unbusinesslike practices.
 - d. Any recommendations for greater simplicity, accuracy, efficiency, or economy in the operation of the business of the several departments and institutions.
 - e. Comparisons of prices paid and terms obtained by the various departments for goods and services of like character and reasons for differences therein, if any.
 - f. Any other information which, in the auditor's judgment, may be of value to the auditor.
2. All such reports shall be filed and kept in the auditor's office.
3. The state auditor is hereby authorized to obtain, maintain, and operate, under the auditor's exclusive control such machinery as may be necessary to print confidential reports and documents originating in the auditor's office.

[S13, §161-a; C24, 27, 31, §342; C35, §101-a4; C39, §101.4; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.4]

92 Acts, ch 1242, §14; 2008 Acts, ch 1032, §117

Referred to in [§11.28](#), [24.24](#)

11.5 Method of keeping accounts.

Each department and institution of the state shall keep its records and accounts in such form and by such methods as to be able to exhibit in its reports the matters required by the auditor of state, unless otherwise specifically prescribed by law. Each department and institution of the state shall keep its records and accounts in a current condition. The failure of the head of any department of the state to comply with this provision shall be ground for the department head's suspension from office.

[S13, §161-a; C24, 27, 31, §343; C35, §101-a5; C39, §101.5; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.5]

Referred to in [§24.24](#)

Suspension of state officers, chapter 67

11.5A Audit costs.

When requested by the auditor of state, the department of management shall transfer from any unappropriated funds in the state treasury an amount not exceeding the expenses and prorated salary costs already paid to perform examinations of state executive agencies and the offices of the judicial branch, and federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments for which payments by agencies have not been made. Upon payment by the departments, the auditor of state shall credit the payments to the state treasury.

87 Acts, ch 234, §422; 98 Acts, ch 1047, §9

11.5B Repayment of audit expenses by state departments and agencies.

The auditor of state shall be reimbursed by a department or agency for performing examinations of the following state departments or agencies, or funds received by a department or agency:

1. Department of commerce.
2. Department of human services.
3. State department of transportation.
4. Iowa department of public health.
5. State board of regents.
6. Department of agriculture and land stewardship.
7. Iowa veterans home.
8. Department of education.
9. Department of workforce development.
10. Department of natural resources.
11. Offices of the clerks of the district court of the judicial branch.

- 12. The Iowa public employees' retirement system.
 - 13. Federal financial assistance, as defined in Pub. L. No. 98-502, received by all other departments.
 - 14. Department of administrative services.
 - 15. Office of energy independence.
- 90 Acts, ch 1247, §3; 90 Acts, ch 1261, §24; 94 Acts, ch 1187, §16; 96 Acts, ch 1186, §23; 98 Acts, ch 1047, §10; 2000 Acts, ch 1141, §13, 19; 2003 Acts, ch 145, §286; 2008 Acts, ch 1144, §1, 13

AUDIT OF COUNTIES, CITIES, AND SCHOOL DISTRICTS

11.6 Examination of governmental subdivisions — consultative services — association of counties.

1. a. (1) The financial condition and transactions of all cities and city offices, counties, county hospitals organized under [chapters 347 and 347A](#), memorial hospitals organized under [chapter 37](#), entities organized under [chapter 28E](#) having gross receipts in excess of one hundred thousand dollars in a fiscal year, merged areas, area education agencies, and all school offices in school districts, shall be examined at least once each year, except that cities having a population of seven hundred or more but less than two thousand shall be examined at least once every four years, and cities having a population of less than seven hundred may be examined as otherwise provided in [this section](#). The examination shall cover the fiscal year next preceding the year in which the audit is conducted. The examination of school offices shall include an audit of all school funds including categorical funding provided by the state, the certified annual financial report, the certified enrollment as provided in [section 257.6](#), supplementary weighting as provided in [section 257.11](#), and the revenues and expenditures of any nonprofit school organization established pursuant to [section 279.62](#). Differences in certified enrollment shall be reported to the department of management. The examination of school offices shall include at a minimum a determination that the laws of the state are being followed, that categorical funding is not used to supplant other funding except as otherwise provided, that supplementary weighting is pursuant to an eligible sharing condition, and that postsecondary courses provided in accordance with [section 257.11](#) and [chapter 261E](#) supplement, rather than supplant, school district courses. The examination of a city that owns or operates a municipal utility providing local exchange services pursuant to [chapter 476](#) shall include an audit of the city's compliance with [section 388.10](#). The examination of a city that owns or operates a municipal utility providing telecommunications services pursuant to [section 388.10](#) shall include an audit of the city's compliance with [section 388.10](#).

(2) Subject to the exceptions and requirements of [subsection 2](#) and [subsection 4](#), paragraph "a", subparagraph (3), examinations shall be made as determined by the governmental subdivision either by the auditor of state or by certified public accountants, certified in the state of Iowa, and they shall be paid from the proper public funds of the governmental subdivision.

b. (1) In conjunction with the audit of the governmental subdivision required under [this section](#), the person performing the audit shall also perform tests for compliance with the investment policy of a reasonable number of investment transactions in relation to the total investments and quantity of transactions in the period audited. The results of the compliance testing shall be reported in accordance with generally accepted auditing standards. The person performing the audit may also make recommendations for changes to investment policy or practices. The governmental subdivision is responsible for the remedy of reported noncompliance with its policy or practices.

(2) (a) As part of its audit, the governmental subdivision is responsible for obtaining and providing to the person performing the audit the audited financial statements and related report on internal control structure of outside persons, performing any of the following during the period under audit for the governmental subdivision:

- (i) Investing public funds.
- (ii) Advising on the investment of public funds.
- (iii) Directing the deposit or investment of public funds.
- (iv) Acting in a fiduciary capacity for the governmental subdivision.

(b) The audit under [this section](#) shall not be certified until all material information required by this subparagraph is reviewed by the person performing the audit.

(3) The review by the person performing the audit of the most recent annual report to shareholders of an open-end management investment company or an unincorporated investment company or investment trust registered with the federal securities and exchange commission under the federal Investment Company Act of 1940, 15 U.S.C. § 80(a), pursuant to 17 C.F.R. § 270.30d-1 or the review, by the person performing the audit, of the most recent annual report to shareholders, call reports, or the findings pursuant to a regular examination under state or federal law, to the extent the findings are not confidential, of a bank, savings and loan association, or credit union shall satisfy the review requirements of this paragraph.

(4) All contracts or agreements with outside persons performing any of the functions listed in subparagraph (2) shall require the outside person to notify in writing the governmental subdivision within thirty days of receipt of all communication from the person performing the audit or any regulatory authority of the existence of a material weakness in internal control structure, or regulatory orders or sanctions against the outside person, with regard to the type of services being performed under the contracts or agreements. This provision shall not be limited or avoided by another contractual provision.

(5) As used in [this subsection](#), “outside person” excludes a bank, savings and loan association, or credit union when acting as an approved depository pursuant to [chapter 12C](#).

(6) A joint investment trust organized pursuant to [chapter 28E](#) shall file the audit reports required by [this chapter](#) with the administrator of the securities and regulated industries bureau of the insurance division of the department of commerce within ten days of receipt from the auditor. The auditor of a joint investment trust shall provide written notice to the administrator of the time of delivery of the reports to the joint investment trust.

(7) If during the course of an audit of a joint investment trust organized pursuant to [chapter 28E](#), the auditor determines the existence of a material weakness in the internal control structure or a material violation of the internal control structure, the auditor shall report the determination to the joint investment trust which shall notify the administrator in writing within twenty-four hours, and provide a copy of the notification to the auditor. The auditor shall provide, within twenty-four hours of the receipt of the copy of the notice, written acknowledgment of the receipt to the administrator. If the joint investment trust does not make the notification within twenty-four hours, or the auditor does not receive a copy of the notification within twenty-four hours, the auditor shall immediately notify the administrator in writing of the material weakness in the internal control structure or the material violation of the internal control structure.

2. a. A city, community college, school district, area education agency, entity organized under [chapter 28E](#), county, county hospital, or memorial hospital desiring to contract with or employ certified public accountants shall utilize procedures which include a request for proposals.

b. The governing body of a city, community college, school district, area education agency, entity organized under [chapter 28E](#), county, county hospital, or memorial hospital utilizing the auditor of state instead of a certified public accountant to perform an audit shall notify the auditor of state by June 1 of the year to be audited. If the governing body fails to notify the auditor of state of the decision to use the auditor of state, the auditor of state may perform the audit required in [subsection 1](#) only if provisions are not made by the governing body to contract for the audit.

3. A township or city for which examinations are not required under [subsection 1](#) may contract with or employ the auditor of state or certified public accountants for an examination of its financial transactions and condition of its funds. A financial examination is mandatory on application by one hundred or more taxpayers, or if there are fewer than five hundred taxpayers in the township or city, then by fifteen percent of the taxpayers. Payment for the examination shall be made from the proper public funds of the township or city.

4. a. In addition to the powers and duties under other provisions of the Code, the auditor of state may at any time cause to be made a complete or partial reaudit of the financial condition and transactions of any city, county, county hospital, memorial hospital, entity organized under [chapter 28E](#), merged area, area education agency, school corporation, township, or other governmental subdivision, or an office of any of these, if one of the following conditions exists:

(1) The auditor of state has probable cause to believe such action is necessary in the public interest because of a material deficiency in an audit of the governmental subdivision filed with the auditor of state or because of a substantial failure of the audit to comply with the standards and procedures established and published by the auditor of state.

(2) The auditor of state receives from an elected official or employee of the governmental subdivision a written request for a complete or partial reaudit of the governmental subdivision.

(3) The auditor of state receives a petition signed by at least fifty eligible electors of the governmental subdivision requesting a complete or partial reaudit of the governmental subdivision. If the governmental subdivision has not contracted with or employed a certified public accountant to perform an audit of the fiscal year in which the petition is received by the auditor of state, the auditor of state may perform an audit required by [subsection 1 or 3](#).

b. The state audit shall be paid from the proper public funds available in the office of the auditor of state. In the event the audited governmental subdivision recovers damages from a person performing a previous audit due to negligent performance of that audit or breach of the audit contract, the auditor of state shall be entitled to reimbursement on an equitable basis for funds expended from any recovery made by the governmental subdivision.

c. An examination under [this subsection](#) shall include a determination of whether investments by the governmental subdivision are authorized by state law.

5. The auditor of state may, within three years of filing, during normal business hours upon reasonable notice of at least twenty-four hours, review the audit work papers prepared in the performance of an audit or examination conducted pursuant to [this section](#).

6. An audit required by [this section](#) shall be completed within nine months following the end of the fiscal year that is subject to the audit. At the request of the governmental subdivision, the auditor of state may extend the nine-month time limitation upon a finding that the extension is necessary and not contrary to the public interest and that the failure to meet the deadline was not intentional.

7. The auditor of state shall make guidelines available to the public setting forth accounting and auditing standards and procedures and audit and legal compliance programs to be applied in the examination of the governmental subdivisions of the state, which shall require a review of the internal control structure and specify testing of transactions for compliance. The guidelines shall include a requirement that the certified public accountant immediately notify the auditor of state regarding any suspected embezzlement or theft. The auditor shall also provide standard reporting formats for use in reporting the results of an examination of a governmental subdivision.

8. The auditor of state shall provide advice and counsel to public entities and certified public accountants concerning audit and examination matters. The auditor of state shall adopt rules in accordance with [chapter 17A](#) to establish a fee schedule based upon the prevailing rate for the service rendered. The auditor of state shall obtain payment from a public entity or certified public accountant for advisory and consultation services rendered pursuant to [this subsection](#). The auditor of state may waive any charge provided in [this subsection](#) and may determine to provide certain services without cost.

9. The Iowa state association of counties shall keep accounts as required by the auditor of state. These accounts shall be audited annually by either the auditor of state or a certified public accountant certified in the state of Iowa. The audit shall state all moneys expended for expenses incurred by and salaries paid to legislative representatives and lobbyists of the association.

10. The auditor of state shall adopt rules in accordance with [chapter 17A](#) to establish and collect a filing fee for the filing of each report of examination conducted pursuant to [subsections 1 through 3](#). The funds collected shall be maintained in a segregated account for

use by the office of the auditor of state in performing audits conducted pursuant to [subsection 4](#) and for work paper reviews conducted pursuant to [subsection 5](#). Any funds collected by the auditor pursuant to [subsection 4](#) shall be deposited in this account. Notwithstanding [section 8.33](#), the funds in this account shall not revert at the end of any fiscal year.

[S13, §100-d, 1056-a11, -a13; C24, 27, 31, 35, 39, §113; C46, 50, 54, 58, 62, 66, 71, §11.6; C73, 75, 77, 79, 81, §11.6, 332.3(27); S81, §11.6; 81 Acts, ch 117, §1000]

84 Acts, ch 1123, §1; 84 Acts, ch 1128, §1; 89 Acts, ch 264, §1; 90 Acts, ch 1013, §1; 91 Acts, ch 267, §222; 92 Acts, ch 1156, §2 – 4; 92 Acts, ch 1187, §1; 92 Acts, ch 1232, §301; 92 Acts, ch 1242, §16, 17; 96 Acts, ch 1215, §20; 2004 Acts, ch 1022, §1; 2004 Acts, ch 1048, §1; 2005 Acts, ch 179, §90; 2006 Acts, ch 1117, §1; 2008 Acts, ch 1032, §118 – 120; 2008 Acts, ch 1181, §42

Referred to in [§11.9](#), [11.19](#), [11.36](#), [123.58](#), [125.55](#), [216A.98](#), [230A.16](#), [256F.4](#), [257.6](#), [279.38](#), [331.402](#), [331.902](#), [358C.12](#), [364.5](#), [388.10](#), [411.5](#)

11.7 State auditors.

The auditor of state shall appoint such number of state auditors as may be necessary to make such examinations. Said auditors shall be of recognized skill and integrity, familiar with the system of accounting in county, school and municipal offices, and with the laws relating to the county, school and municipal affairs. Each auditor shall give bond in the sum of two thousand dollars, conditioned as bonds of county officers, which bonds shall be approved and filed as bonds of state officers. Such auditors shall be subject at all times to the direction of said auditor of state.

[S13, §100-a, 1056-a11; C24, 27, 31, 35, 39, §114; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.7]

Referred to in [§123.58](#)

Conditions, approval, filing of bonds, §64.2, 64.19, 64.23

11.8 Assistants.

The auditor of state shall appoint such additional assistants to the auditors as may be necessary, who shall be subject to discharge at any time by the auditor.

[S13, §100-a; C24, 27, 31, 35, 39, §115; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.8]

11.9 County, municipal and school auditors' salaries and expenses.

Except as otherwise provided in [section 11.6](#), [subsection 4](#), for reaudits, county, municipal and school auditors and their assistants shall, in addition to salary, be reimbursed for their actual and necessary expenses. Salary payments shall include a prorated amount for vacation and sick leave. All payments shall be paid from funds in the state treasury upon certification of the auditor of state, and the general fund shall be reimbursed as provided in [sections 11.20](#) and [11.21](#).

[C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.9]

89 Acts, ch 264, §2

11.10 Examinations.

Said auditors shall have the right while making said examinations, to examine all papers, books, records, and documents of any of said officers and shall have the right, in the presence of the custodian or the custodian's deputy, to have access to the cash drawers and cash in the official custody of such officer, and a like right, during business hours, to examine the public accounts of the county, school or city in any depository which has public funds in its custody pursuant to the law.

[S13, §100-d, 1056-a11; C24, 27, 31, 35, 39, §116; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.10]

Referred to in [§123.58](#)

11.11 Scope of examinations.

All examinations shall be made without notice to the office examined. On every examination inquiry shall be made as to the financial condition and resources of the county, school or city; whether the cost price for improvements and material in said county, school or city is in excess of the cost price for like things in other counties, schools or cities of the

state; whether the county, school or city authorities are complying with the law; and whether the accounts and reports are being accurately kept.

[S13, §100-d, 1056-a11; C24, 27, 31, 35, 39, §117; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.11]

Referred to in §123.58

11.12 Subpoenas.

The auditor of state and all auditors shall, in all matters pertaining to an authorized examination, have power to issue subpoenas of all kinds, administer oaths and examine witnesses, either orally or in writing, and the expense attending the same, including the expense of taking oral examinations in shorthand, shall be paid as other expenses of the auditor.

[S13, §100-d, 1056-a11; C24, 27, 31, 35, 39, §118; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.12]

Expenses, §11.21

11.13 Refusal to testify.

In case any witness duly subpoenaed refuses to attend, or refuses to produce documents, books, and papers, or shall attend and refuse to make oath or affirmation, or, being sworn or affirmed, shall refuse to testify, the auditor of state or the auditor's designee may apply to the district court, or any judge of said district having jurisdiction thereof, for the enforcement of attendance and answers to questions as provided by law in the matter of taking depositions.

[S13, §100-d; C24, 27, 31, 35, 39, §119; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.13]

Procedure for contempt, §622.76, 622.77, 622.84, 622.102; also chapter 665

11.14 Reports — public inspection.

A report of such examination shall be made in triplicate signed and verified by the officers making the examination; one copy to be filed with the auditor of state, one copy with the officer under investigation, and one copy to the county auditor who shall transmit same to the board of supervisors if a county office is under investigation, or with the president of the school board if a school is under investigation, or with the mayor and the council if a city office is under examination. All reports shall be open to public inspection, including copies on file in the office of the state auditor, and refusal on the part of any public official to permit such inspection when such reports have been filed with the state auditor shall constitute a simple misdemeanor.

In addition to the foregoing, notice that the report has been filed shall be forwarded immediately to each newspaper, radio station or television station located in the county, municipality or school district which is under investigation or audit; except that if there is no newspaper, radio station or television station located therein, such notice shall be sent to the official newspapers of the county.

[S13, §100-d, 1056-a11; C24, 27, 31, 35, 39, §120; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.14]

Referred to in §123.58, 256F4

11.15 Report filed with county attorney.

If said examination discloses any irregularity in the collection or disbursement of public funds or in the abatement of taxes a copy of said report shall be filed with the county attorney and it shall be the county attorney's duty to co-operate with the state auditor, and, in proper cases, with the attorney general, to secure the correction of the irregularity.

[S13, §100-d; C24, 27, 31, 35, 39, §121; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.15]

Referred to in §331.756(11)

11.16 Duty of attorney general.

In the event such examination discloses any grounds which would be ground for removal from office, a fourth copy of said report shall be provided and filed by the auditor of state in the office of the attorney general of the state, who shall thereupon take such action as, in the attorney general's judgment, the facts and circumstances warrant.

[S13, §100-d; C24, 27, 31, 35, 39, §122; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.16]

11.17 Disclosures prohibited.

No such auditor shall make any disclosure of the result of any investigation, except as the auditor is required by law to report the same or to testify in court. Any violation of this provision shall be ground for removal.

[S13, §100-d; C24, 27, 31, 35, 39, §123; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.17]

11.18 Repealed by 89 Acts, ch 264, § 10.

11.19 Auditor's powers and duties.

Where an examination is made under contract with, or employment of, certified or registered public accountants, the auditor shall, in all matters pertaining to an authorized examination, have all of the powers and be vested with all the authority of state auditors employed by the auditor of state, and the cost and expense of the examination shall be paid by the city, school district, or township procuring the examination. An itemized sworn statement of the per diem and expense of the auditor shall be filed with the clerk of the city, township, or school district, before payment thereof. Upon completion of such examination, a signed copy thereof shall be filed by the accountant employed with the auditor of state.

All reports shall be open to public inspection, including copies on file in the office of the state auditor, and refusal on the part of any public official to permit such inspection when such reports have been filed with the state auditor, shall constitute a simple misdemeanor.

In addition to the foregoing, notice that the report has been filed shall be forwarded immediately to each newspaper, radio station or television station located in the city, school district or township which is under investigation or audit; except that if there is no newspaper, radio station or television station located therein, the notice shall be sent to the official newspapers of the county.

Failure to file the report with the auditor of state within thirty days after receiving notification of not receiving the audit report shall bar the accountant from making any governmental subdivision audits under [section 11.6](#) for the following fiscal year.

[C39, §124.1; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.19]

89 Acts, ch 264, §3

Referred to in [§125.55](#), [216A.98](#), [230A.16](#), [256F.4](#)

11.20 Bills — audit and payment.

If the examination is made by the auditor of state under [this chapter](#), each auditor shall file with the auditor of state an itemized, certified and sworn voucher of expense for the time the auditor is actually engaged in the examination. The salaries shall be included in a two-week payroll period. Upon approval of the auditor of state the director of the department of administrative services may issue warrants for the payment of the vouchers and salary payments, including a prorated amount for vacation and sick leave, from any unappropriated funds in the state treasury. Repayment to the state shall be made as provided by [section 11.21](#).

[S13, §100-a, -e, 1056-a11; C24, 27, 31, 35, 39, §125; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.20]

84 Acts, ch 1118, §1; 85 Acts, ch 67, §4; 2003 Acts, ch 145, §286

Referred to in [§11.9](#), [11.21](#)

11.21 Repayment — objections.

Upon payment by the state of the salary and expenses, the auditor of state shall file with the warrant-issuing officer of the county, municipality or school, whose offices were examined, a sworn statement consisting of the itemized expenses paid and prorated salary costs paid under [section 11.20](#). Upon audit and approval by the board of supervisors, council or school board, the warrant-issuing officer shall draw a warrant for the amount on the county, or on the general fund of the municipality or school in favor of the auditor of state, which warrant shall be placed to the credit of the general fund of the state. In the event of the disapproval of any items of said statement by the county, municipality, or school authorities, written objections shall be filed with the auditor of state within thirty days from the filing thereof. Disapproved items of the statement shall be paid the auditor of state upon receiving final decisions emanating from public hearing established by the auditor of state.

Whenever the county board of supervisors, the school board, or the council shall file written objections on the question of compensation and expenses with the auditor of state, the auditor or the auditor's representative shall hold a public hearing in the municipality where the examination was made and shall give the complaining board notice of the time and place of hearing. After such hearing the auditor shall have the power to reduce the compensation and expenses of the auditor whose bills have been questioned. Any auditor who shall be found guilty of falsifying an expense voucher or engagement report shall be immediately discharged by the auditor of state and shall not be eligible for re-employment. Such auditor must thereupon reimburse the auditor of state for all such compensation and expenses so found to have been overpaid and in the event of failure to do so, the auditor of state may collect the same amount from the auditor's surety by suit, if necessary.

[S13, §100-a, -e, 1056-a11; C24, 27, 31, 35, 39, §126; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.21]

83 Acts, ch 123, §28, 209

Referred to in §11.9, 11.20, 123.58, 331.401

11.22 Repealed by 83 Acts, ch 123, § 206, 209.

11.23 Duty to install.

Each school officer shall install and use in the office a system of uniform blanks and forms as prescribed by law. State auditors shall assist the school officers in installing the system.

[S13, §100-b, -c, 1056-a10; C24, 27, 31, §112; C35, §130-a3; C39, §130.2; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.23]

83 Acts, ch 123, §29, 209

Referred to in §123.58

REPORTS

11.24 Repealed by 2003 Acts, ch 44, §110.

11.25 Reports required.

The auditor of state shall make the following reports:

1. A biennial report to the governor and the general assembly of all operations of the auditor's office.

2. Individual audit reports giving the results of all examinations and audits of all departments and establishments and all fiscal officers of the state and local governments.

[C35, §130-e2; C39, §130.4; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.25]

11.26 Repealed by 72 Acts, ch 1088, § 206.

11.27 Biennial report.

The biennial report shall include:

1. A narrative report and such statistical statements as the state auditor deems essential to display the results of audits of the state departments and establishments.

2. The results of an audit of the documents and the records of the department of management created in [chapter 8](#), which records shall be audited by the auditor; and, the results of the auditor's audit of all taxes and other revenue collected and paid into the treasury, and the sources thereof.

3. The auditor's recommendations to improve the business methods of the government and any other matters having for their purpose to bring about increased economy and efficiency in the conduct of the affairs of the government.

[C35, §130-e4; C39, §130.6; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.27]

94 Acts, ch 1023, §2; 2004 Acts, ch 1086, §9

11.28 Individual audit reports — copies.

1. The individual audit reports shall include exhibits and schedules to report data similar

to that required by [section 11.4](#). The reports shall as nearly as possible correspond and be prepared similar in form to the audit reports rendered by certified public accountants. The reports shall include information as to the assets and liabilities of the various departments and institutions audited as of the beginning and close of the fiscal year audited, the receipts and expenditures of cash, the disposition of materials and other properties, and the net income and net operating cost. The reports shall also set forth the average cost per year for the inmates, members, clients, patients, and students served in the various classifications of expenses. The reports shall make comparisons of the average costs and classifications, and shall give such other information, suggestions, and recommendations as may be deemed of advantage and to the best interests of the taxpayers of the state.

2. The daily audit report of the state treasury shall be submitted to the director of the department of administrative services and the director of the department of management. Copies of all individual audit reports of all state departments and establishments shall be transmitted to the directors' offices after the completion of each audit, and copies of all local government audits shall, until otherwise provided, be also supplied to the directors' offices. Copies of the local government audit reports shall also be supplied to the officers of the counties, schools, and cities, as provided by law. Summaries of the findings, recommendations, and comparisons, together with any other information deemed essential, shall be printed and distributed to members of the general assembly.

[C35, §130-e5; C39, §**130.7**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.28]
86 Acts, ch 1245, §1973; 2003 Acts, ch 145, §286; 2005 Acts, ch 121, §1

11.29 Repealed by 87 Acts, ch 115, § 83.

SALARY

11.30 Salary.

The salary of the auditor of state shall be as fixed by the general assembly.

[C31, 35, §130-c1; C39, §**130.9**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, §11.30]

11.31 Repealed by 72 Acts, ch 1088, § 206.

OUTSIDE ACCOUNTANTS

11.32 Certified accountants employed.

Nothing in [this chapter](#) will prohibit the auditor of state, with the prior written permission of the state executive council, from employing certified public accountants or registered public accountants for specific assignments. Under the provision of [this section](#), the auditor of state may employ such accountants for any assignment now expressly reserved to the auditor of state. Payments, after approval by the executive council, will be made to the accountants so employed from funds from which the auditor of state would have been paid had the auditor of state performed the assignment, or if no such specific funds are indicated, then payment will be made from the funds of the executive council.

[C66, 71, 73, 75, 77, 79, 81, §11.32]

11.33 through 11.35 Reserved.

REVIEW OF PUBLICLY-FUNDED ENTITIES

11.36 Review of entities receiving public moneys.

1. The auditor of state may, at the request of a department, review, during normal business hours upon reasonable notice of at least twenty-four hours, the audit working

papers prepared by a certified public accountant covering the receipt and expenditure of state or federal funds provided by the department to any other entity to determine if the receipt and expenditure of those funds by the entity is consistent with the laws, rules, regulations, and contractual agreements governing those funds. Upon completion of the review, the auditor of state shall report whether, in the auditor of state's judgment, the auditor of state believes the certified public accountant's working papers adequately demonstrate that the laws, rules, regulations, and contractual agreements governing the funds have been substantially complied with. If the auditor of state does not believe the certified public accountant's working papers adequately demonstrate that the laws, rules, regulations, and contractual agreements have been substantially complied with or believes a complete or partial reaudit is necessary based on the provisions of [section 11.6, subsection 4](#), paragraph "a", subparagraph (1) or (2), the auditor of state shall notify the certified public accountant and the department of the actions the auditor of state believes are necessary to determine whether the entity is in substantial compliance with those laws, rules, regulations, and contractual agreements. The auditor of state may assist departments with actions to determine whether the entity is in substantial compliance. Departments requesting the review shall reimburse the auditor of state for the cost of the review and any subsequent assistance provided by the auditor of state.

2. The auditor of state may, at the request of a department, review the records covering the receipt and expenditure of state or federal funds provided by the department to any other entity which has not been audited by a certified public accountant to determine if the receipt and expenditure of those funds by the entity is consistent with the laws, rules, regulations, and contractual agreements governing those funds. Upon completion of the review, the auditor of state shall report whether, in the auditor of state's judgment, the auditor of state believes the entity adequately demonstrated that the laws, rules, regulations, and contractual agreements governing the funds have been substantially complied with. If the auditor of state does not believe the entity adequately demonstrated that the laws, rules, regulations, and contractual agreements have been substantially complied with, the auditor of state shall notify the department of the actions the auditor of state believes are necessary to determine whether the entity is in substantial compliance with those laws, rules, regulations, and contractual agreements. The auditor of state may assist a department with actions to determine whether the entity is in substantial compliance. Departments requesting the review shall reimburse the auditor of state for the cost of the review and any subsequent assistance provided by the auditor of state.

3. When, in the auditor of state's judgment, the auditor of state finds that sufficient information is available to demonstrate that an entity receiving state or federal funds from a department may not have substantially complied with the laws, rules, regulations, and contractual agreements governing those funds, the auditor of state shall notify the department providing those funds to the entity of the auditor of state's finding. The department shall cooperate with the auditor of state to establish actions to be taken to determine whether substantial compliance with those laws, rules, regulations, and contractual agreements has been achieved by the entity receiving the state or federal funds from the department. Departments providing the state or federal funds shall reimburse the auditor of state for any actions taken by the auditor of state to determine whether the entity has substantially complied with the laws, rules, regulations, and contractual agreements governing the funds provided by the department for costs expended after the date the auditor of state notifies the department of an issue involving substantial compliance pursuant to the requirements of [this subsection](#).

[C81, §7A.8]

C87, §11.36

2006 Acts, ch 1153, §10; 2007 Acts, ch 22, §4; 2008 Acts, ch 1032, §193

See also §216A.98

11.37 through 11.40 Reserved.

ACCESS TO INFORMATION

11.41 Access to information — confidentiality.

1. The auditor of state, when conducting any audit or review required or permitted by [this chapter](#), shall at all times have access to all information, records, instrumentalities, and properties used in the performance of the audited or reviewed entities' statutory duties or contractual responsibilities. All audited or reviewed entities shall cooperate with the auditor of state in the performance of the audit or review and make available the information, records, instrumentalities, and properties upon the request of the auditor of state.

2. If the information, records, instrumentalities, and properties sought by the auditor of state are required by law to be kept confidential, the auditor of state shall have access to the information, records, instrumentalities, and properties, but shall maintain the confidentiality of all such information and is subject to the same penalties as the lawful custodian of the information for dissemination of the information. However, the auditor of state shall not have access to the income tax returns of individuals.

2006 Acts, ch 1153, §11

11.42 through 11.45 Reserved.

REVIEW OF TARGETED SMALL BUSINESS PROCUREMENT ACTIVITIES

11.46 Targeted small business.

After the conclusion of each fiscal year, the auditor of state shall annually conduct a review of whether state agencies are meeting their goal for procurement activities conducted pursuant to [sections 73.15 through 73.21](#), and compliance with the forty-eight hour notice provision in [section 73.16, subsection 2](#). By December 31 of each year, the auditor of state shall file a written report with the governor and the general assembly which shall include the findings of the review. The auditor of state may charge a fee to cover the costs of conducting activities under [this section](#). The first report filed pursuant to [this section](#) shall be for the fiscal year beginning July 1, 2007. However, the auditor of state shall file a report pursuant to [this section](#) by March 1, 2008, for the time period beginning July 1, 2007, and ending September 30, 2007.

2007 Acts, ch 207, §2, 18